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SUBJECT: INDONESIAN PRESIDENT YUDHOYONO'S VISIT TO MALAYSIA

REF: A. KL 483 -- MALAYSIANS DOWNPLAY AMBALAT DISPUTE

[1](#)B. KL 908 -- DEATH OF INDONESIAN MAID IN MALAYSIA

Classified By: Political Counselor Brian D. McFeeters for reasons 1.4 b and d.

Summary and Comment

[1](#)1. (SBU) Indonesian President Susilo Bambang Yudhoyono made an official visit to Malaysia on November 11-12, his first abroad since winning his second consecutive election in July of this year. Although a number of issues between the two countries have flared in recent months, putting some strain on the relationship, the atmosphere in the days leading up to and during the visit was overwhelmingly positive. According to Malaysian MFA officials, the leaders intentionally emphasized the historically close relationship between the two countries, and also had constructive discussions on issues ranging from guest workers to briefly on the border dispute over the Ambalat islands. The leaders also discussed ideas for increasing people-to-people exchanges, bilateral trade and investment, and closer cooperation with the Halal food industry and tourism.

[1](#)2. (SBU) Comment. The GOM, anxious to quell tensions with Indonesia and for the GOI to resume sending guest workers to Malaysia, prepared for Yudhoyono's visit with a media blitz praising the positive relations and shared culture between Malaysia and Indonesia. The significance of Malaysia being Yudhoyono's first foreign trip since his re-election was also not lost on the Malaysians. In the short term, both sides appear to have gotten what they wanted out of the visit. How long this glow of bilateral friendship will last, however, remains to be seen. Much will depend on how and how quickly both sides resolve the simmering Indonesian worker issue.
End summary and comment.

State Welcome for a Close Partner

[1](#)3. (SBU) The GOM laid out the red carpet for President Yudhoyono's November 11-12 visit to Malaysia, which included a ceremonial reception from the King, a state dinner at the PM's residence, closed-door talks and a follow-on press conference at the PM's office, and a luncheon address to the Malaysian business community. Yudhoyono told his hosts at the state dinner "I come with the sincere intention of bringing a message of friendship from the people of Indonesia for the Malaysian people and let us greet our future with great optimism and good intention, and with positive thinking that Malaysia and Indonesia will be stronger and can cooperate more closely."

14. (SBU) The visit by President Yudhoyono was his first trip abroad since being re-elected as the Indonesian president for a second term in July. Throughout the visit, Yudhoyono publicly emphasized his closeness with PM Najib and the two countries' mutual interests. He highlighted the fact that he chose Malaysia for his first post-election trip abroad and said that "Malaysia is the closest friend to Indonesia." In a November 17 meeting, MFA Under Secretary for Southeast Asia, Adnan Othman, told PolCouns that the relationship between the two leaders is genuine; "there is chemistry between the two," he added. Adnan emphasized that the leaders' outward display of mutual respect was intentional, as they were trying to send a message to their respective peoples to help dispel perceptions of increasing tensions between the two countries.

Downplaying Differences

15. (SBU) Several issues have flared tensions between Indonesia and Malaysia over the past few months. These include the mistreatment of Indonesian workers/maids in Malaysia, a simmering territorial dispute involving the Ambalat islands off the northeast coast of Borneo, and Indonesian claims of Malaysian misappropriation of symbols of Indonesian culture. None of these issues were mentioned publicly by either leader and both only referred to any disagreements vaguely. Yudhoyono commented that "We certainly have occasional differences. But what encourages

KUALA LUMP 00000935 002 OF 003

me is that we all realize that it is normal." PM Najib said "we do not want the occasional minor problems to cast dark clouds over the good things that we have done." Yudhoyono emphasized that both countries have a deeply-rooted similar cultural history "that has to be preserved with the utmost care." Najib took a similar tack by publicly saying that "President Yudhoyono and I want to work towards maintaining good ties at all times."

The Guest Worker Problem

16. (SBU) Arguably the paramount bilateral issue between Malaysia and Indonesia is the status and treatment of Indonesian "guest workers" in Malaysia. A constant source of friction, U/S Adnan told us that there are currently 2.5 million guest workers in Malaysia, of which 1.7 million are Indonesian. Adnan added that 900,000 of the Indonesians were legal workers, and the rest, or about half, were working illegally. Indonesians account for nearly 250,000 of the 280,000 foreign maids overall. Following a highly-publicized beating of an Indonesian maid by her Malaysian employer in June (ref B), the GOI cut off sending additional guest workers in all professions to Malaysia until they could conduct a thorough review of the matter and receive a guarantee from Malaysia that their workers would be protected. (There are only 4,000 Malaysians working in Indonesia.)

17. (SBU) President Yudhoyono during his visit did not criticize Malaysia's past record on treatment of Indonesian workers, instead choosing to publicly praise the Najib administration's efforts to protect workers' rights. At the joint press conference, he said "Based on the evaluations on the treatment of the Indonesian workforce every year, I have seen significant progress compared to the past," and that he "appreciate(d) the explanation given by PM Najib." The Indonesian President added, "On behalf of Indonesia, I thank Malaysia for accepting my people to work here. They contribute to this country's economic development and we hope to work closely together to improve the existing system and mechanism that looks after my people's welfare and interest

here." Yudhoyono did point out that efforts must be made to improve the recruitment process of Indonesian workers, but he did not clarify whether his comment was targeted towards Malaysian agencies or domestic ones in Indonesia. PM Najib stressed that "fairness and justice" will be accorded to all Indonesian guest workers, but warned that "if they come in illegally, then they stand a chance of being exploited by certain quarters."

18. (C) U/S Adnan opined to Pol Counselor November 17 that Indonesia's decision to suspend sending workers to Malaysia was a mistake. "They still come", he noted, and as a result of their illegal status they are far more likely to be mistreated. Adnan said that the two governments are close to completing a MOU deal on maids, but that the issue of minimum salary was still proving to be contentious. According to Adnan, the Indonesians are asking for a raise of their minimum monthly salary from 400 Malaysian Ringgit (MYR) per month (approximately \$120 USD) to 800 MYR (\$240). The Malaysian side will only consider a minimum wage in the range of 550-600 MYR per month (up to \$180 USD), nothing more. In an apparent concession, Adnan indicated the MOU will include a mandatory day off for all maids.

Ambalat

19. (C) The Ambalat islands, off the east coast of Borneo, continue to be a potential "flashpoint" in the relationship, according to Adnan. The two leaders acknowledged the efforts of the bilateral technical working groups who have met 15 times since 2003, but did not discuss the issue in any detail. Adnan confided that the discussions were on a "parallel track" that could keep meeting "for infinity" without a breakthrough. Adnan stressed that "unless and until leaders give new direction, no real progress will be made." Neither side wished to take the matter to the International Court of Justice, he added.

Forging Closer Ties

KUALA LUMP 00000935 003 OF 003

110. (SBU) In the context of promoting goodwill, both Najib and Yudhoyono were keen to expand exchange programs between Malaysia and Indonesia. Najib announced at the press conference after their closed door meeting that both leaders expressed hope that more programs could be organized for the youths of both countries. According to U/S Adnan, both leaders believed that the solution lay with concentrating their efforts towards the young. After the meeting, PM Najib announced that a "friends of Malaysia" group would be set up in Indonesia soon, with Indonesia establishing a similar organization in Malaysia later. Najib also promoted the idea of parliamentary exchanges between the two countries.

Economic Ties) Bilateral and Regional

111. (SBU) President Yudhoyono said that Southeast Asia has emerged as the new global economic powerhouse. As such, Indonesia and Malaysia should have a role to play in regional economic development. Discussing bilateral economic and investment ties, Yudhoyono invited Malaysian companies to invest in Indonesia. "We need a rather huge amount of investments each year that ranges from USD 150 billion to USD 200 billion for large-scale infrastructure development such as transportation, power plants, and ports," he said. He also encouraged Indonesian companies to invest in Malaysia, and noted that Malaysia and Indonesia could work together on food security and energy sector cooperation. Halal food and tourism industries could also provide areas for further

cooperation.
KEITH